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## REPORTS OF SUBSIDIARY COMPANIES

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## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Goldstone Technologies Limited will be held on 30<sup>th</sup> September 2009 at 4.30 P.M. at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad – 500 051 to transact the following business :-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended as on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. L P Sashikumar, who retires by rotation and offers himself for reappointment.
3. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that P. Murali & Co; Chartered Accountants, Hyderabad, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board."

## SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Vedula Venkata Ramana, who was appointed as an Additional Director of the Company by the Board of Directors on 19<sup>th</sup> June 2009 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect

of whom the Company has, under Section 257 of the said Act, received notice from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED that subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, read along with Schedule XIII (as amended) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr. D. P. Sreenivas as Executive Director of the company for a period of three years with effect from 1<sup>st</sup> December 2009 on the following terms and conditions:

1. Salary

Salary in the scale of Rs.1,35,000/- (Rupees One Lakh thirty five thousand only) per month.

2. Perquisites

The following perquisites may be allowed in addition to salary subject to the ceiling of an amount equal to annual salary:

### Category A

Allowances and Reimbursements not exceeding Rs. 65,000/- per month. (Rupees Sixty Five Thousand only)

### Category B

The Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary However, for the purpose

of calculation of overall ceiling on perquisites, the company's contribution towards provident fund, superannuation fund or annuity fund will not be included to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable should not exceed half a month's salary for each completed year of service. One month's leave for every eleven months of service on full pay and allowances as per the rules of the company.

#### Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company

#### 3. Minimum Remuneration

In the event the company does not have profits or its profits are inadequate, Mr. D P Sreenivas shall be paid salary and perquisites not exceeding the statutory limits as may be prescribed from time to time. However contribution to provident fund/annuity fund/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

"RESOLVED THAT the board of directors are hereby authorised to vary or alter the terms of remuneration within the above limits and authorised to do all the things and deeds as may be required in this regard.

For and on behalf of the Board

**Sd/-**  
**D.P.Sreenivas**  
Executive Director

Place : Hyderabad

Date : 1<sup>st</sup> September, 2009

#### Notes :

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. The Registrar of Members and Share Transfer Books of the Company shall remain closed from 26<sup>th</sup> September 2009 to 30<sup>th</sup> September 2009 [both days inclusive] for the purpose of Annual General Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed.
4. The Members are requested to intimate to the Company at 9-1-83 & 84, Amarchand Sharma Complex, S D Road, Secunderabad – 500 003, changes, if any in their Registered address along with Pin Code number
5. Members who are having multiple folios with identical names are requested to intimate Folio Numbers, to enable the Company to consolidate the same into Single Folio.
6. Queries on Accounts, and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the Meeting so that the answers may be made readily available at the Meeting.
7. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the Meeting.

**Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956**

**Item No: 4**

Mr. Vedula Venkata Ramana was appointed as Additional Director of the Company on 19<sup>th</sup> June 2009 and holds office till the conclusion of the ensuing Annual General Meeting.

Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956, together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation.

Your Directors recommend the resolution for approval of the members.

Except Mr. Vedula Venkata Ramana none of the Directors are in anyway concerned or interested in this resolution.

**Item No. 5 :**

Mr. D P Sreenivas was appointed as Executive Director of the Company by the shareholders in the Annual General Meeting held on 26th December, 2006 for a period of 3 years with

effect from 1<sup>st</sup> December 2006. His appointment is due to be expired on 30<sup>th</sup> November 09. The re-appointment has been recommended by the Remuneration Committee and approved by the Board of Directors in their Meetings held on 1<sup>st</sup> September 2009.

This together with terms and conditions of appointment as mentioned in the notice of Annual General Meeting may be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

Your directors recommend the resolution for your approval.

Except Mr. D. P. Sreenivas, none of the Directors of the Company is in any way concerned or interested in this resolution.

**For and on behalf of the Board**

**Sd/-**

**D.P.Sreenivas**  
Executive Director

Place : Hyderabad

Date : 1<sup>st</sup> September, 2009

**Additional Information on Directors recommended for Appointment / Re-appointment pursuant to the clause 49 of the Listing Agreement entered with Stock Exchanges**

**Item # 2 of Notice of AGM**

**Mr. L P Sashikumar**

Mr. L.P. Sashikumar, aged 57 years has completed his Bachelors in Science and has obtained is BS (Business Administration) from Union University, USA. He has vast experience in the industry and handling various operations and presently he is the Managing Director of Goldstone Infratech Limited from the last 7 years. He is holding 757 equity shares in the company. The details of his other directorships and committee memberships are as given below:

Name of the Company	Designation	Committee membership & Chairmanship
Goldstone Infratech Limited	Managing Director	Audit Committee and Shareholders & Investors Grievance Committee
Staytop Systems & Software Private Ltd	Director	Nil
Goldstone Granites Ltd.	Director	Nil
SPIC Electric Power Corporation Pvt Ltd	Director	Nil

**Item #4 of Notice of AGM**

**Mr. Vedula Venkata Ramana**

Aged 52 years, has done Bachelor of Science and Bachelor in Laws, and has over 20 years of experience in wide spectrum of industries including Management and Liaison, Legal etc. He is a leading Senior Advocate in Andhra Pradesh High Court and standing council for various State / Central Government organizations/ Departments. He is not holding any equity shares in the company and is not a Director in any other companies.

**Item #5 of Notice of AGM**

**Mr. D.P.Sreenivas**

Aged 38 years, has done Bachelor of Commerce from SV University, and has over 14 years of experience in wide spectrum of industries including Management and Liaison. He has worked in MNCs like Ford Motor, Ford Credit and Ciber. He was project lead at Ford Credit and was involved in automation of dealer business and also instrumental in implementation of dealer portal project. He is not holding any equity shares in the company. The details of his other directorships and committee memberships are as given below:

Other director ship of Mr. D.P. Sreenivas

Sl. No.	Name of the Companies / firm	Nature of Interest	Committee membership
1.	Virgo Global Media Limited	Director	Chairman Audit Committee Chairman Shareholders & Investors Grievance Committee
2.	Staytop Systems and Software Pvt. Ltd.	Director	Not Applicable
3.	Trikona Infra Projects Pvt. Ltd.	Director	Not Applicable
4.	Trikona Technologies Pvt. Ltd.	Director	Not Applicable

## DIRECTORS' REPORT

To  
The Members  
Goldstone Technologies Limited

Your Directors have pleasure in presenting the Fifteenth Annual Report of your company with the Audited Accounts for the financial year ended on 31<sup>st</sup> March, 2009.

### Financial Results:

Rs. In Millions

Particulars	2008-09	2007-08
Net Sales/Income from operations	309.47	561.90
Sales	4.41	43.34
Other Income	6.44	10.28
<b>Total Income</b>	<b>320.32</b>	<b>615.52</b>
Operating Profit	39.60	152.79
Interest	5.12	3.64
Depreciation and Write Offs	20.79	18.11
Profit Before Tax	13.68	131.04
Provision for Tax		
- Current	1.71	16.40
- Deferred	2.04	-
- Fringe Benefit	0.24	-0.95
Extra-Ordinary Items		
- Prior Period Adjustments	(1.40)	0.11
Net Profit	11.09	115.48
Equity Share Capital (1,87,82,066 Shares of Rs. 10/- each)	187.82	187.82
EPS (After Prior Period Items) Rs.	0.52	7.45
Networth	666.41	485.15
Book Value (face value Rs. 10/-) Rs.	35.48	25.61

### Review of Operations

During the year under review, your Company has achieved a turnover of Rs. 226.38 Millions as compared to Rs. 561.90 Millions during the

previous financial year. The Net Profit Rs. 11.09 Millions as compared to Previous year Rs. 115.48 Millions

### Dividend

In order to fuel its growth and future requirement of funds for the projects under implementation, Board has decided to retain the profits generated. Consequently your directors do not recommend any dividend for the year 2008-09.

### Fixed deposits

The Company has not accepted any Fixed Deposits, falling within the purview of Section 58A of the Companies Act, 1956

### Insurance

All the properties of your Company including its building, plant & machinery and stocks have been adequately insured.

### Subsidiaries

Your Company has two wholly owned subsidiaries namely Staytop Systems Inc; and Primsoft LLC USA and has set up another wholly owned subsidiary in India namely Staytop Systems and Software Private Limited. The Directors Report including Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2009 of the Subsidiary Companies have been attached to this report. The brief financial results of the subsidiaries are given hereunder:

### Staytop Systems Inc

During Current Period i.e., from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009, the company earned revenues of US\$ 8,124,613 [Rs. 373.00 Millions] as against US\$ 11,121,393 [Rs. 448.03 Million] in 2007-08 and registered a Net Profit of US\$ 253,449 [Rs. 11.64 Million] as against US\$ 368,905 [Rs. 14.86 Million] in 2007-08.

#### **Primesoft LLC**

During the year under review, the Company has no operations.

#### **Staytop Systems and Software Pvt Ltd.**

The company is commencing the business operations during the current financial year 2009-10 to cater the needs of overseas clients in india who are also the clients of overseas subsidiary.

#### **4G Informatics private limited**

Your company had a dispute with 4G Informatics private limited and filed a case before the Company Law Board. Under the directions of the Company Law Board, your company has entered into a settlement agreement with 4G Informatics Private Limited. After fulfilling the conditions of the settlement agreement, 4G Informatics Private Limited would not be a subsidiary of your company.

#### **Auditors**

M/s. P Murali & Co., Chartered Accountants, Hyderabad, the Company's Statutory Auditors hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. And being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

#### **Directors**

Mr. L.P.Sashikumar Director, retire by rotation and being eligible offer himself for re-appointment.

Mr.Vedula Venkata Ramana, Additional Director would be retiring at this Annual General Meeting and is proposed to be appointed as Director retirable by rotation.

The Board of Directors based on the recommendation of the Remuneration Committee, at their meeting held on 1<sup>st</sup> September 2009 have considered and approved the reappointment of Mr. D P Sreenivas as Executive Director of the Company for a period of three years with effect from 27<sup>th</sup> December, 2009.

The Board of Directors recommends the above appointment / re-appointments

#### **Stock Exchange Listing**

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). The Company confirms that it has paid Annual Listing Fees due to all the above Stock Exchanges for the year 2009-10.

Your Directors would like to inform you that the Board of Directors at their meeting held on 1st September 2009 have approved the de-listing of the equity shares of the Company from Madras Stock Exchange Limited (MSE), Delhi Stock Exchange Association Limited (DSE) and Ahmedabad Stock Exchange Limited (ASE). This approval of the Board was granted pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. However, your Company's shares will continue to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Delisting approvals from these three stock exchanges are awaited.

#### **Director's Responsibility Statement**

In accordance with the Section 217(2AA) of the Companies Act, 1956, the Board of Directors affirms:

- (a) That in the preparation of the Accounts for the financial year ended as on 31<sup>st</sup> March,



2009, the applicable accounting standards have been followed and there are no material departures there from.

- (b) That the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the profit or loss of the Company for the period ended on that date.
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the accounts for the financial year ended 31<sup>st</sup> March, 2009 have been prepared on a going concern basis.

#### Corporate Governance

A report on Corporate Governance including

Auditor Certificate thereon as per Clause 49 of the Listing Agreement is attached to this Report.

#### Management Discussion and Analysis

Management Discussion and Analysis for the year under review as required under Clause 49 of the Listing Agreement entered with Stock Exchanges is given as a separate statement in the Annual Report.

#### Balance Sheet Abstract And Company's General Business Profile

Information pursuant to notification issued by Department of Company Affairs, relating to Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for information of the Shareholders.

#### Particulars of Employees

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below :

Name, Age, Qualification, & % of shareholding in the company	Designation	Date of commencement of employment	Experience (yrs)	Basic Salary (Rs.lacs)	Perquisites	Last employment
Mr.D.P.Sreenivas 39 years Bachelor of Commerce from S V University - Nil -	Executive Director	01.12.2006	14	16.20	7.80	Business

#### Conservation of energy / technology absorption, foreign exchange earnings and outgoings

Disclosure of particulars in respect of Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo required under Companies (Disclosure of particulars in the Directors' Report) Rules 1998.

#### 1. Conservation of Energy

The operations of the company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption.



## 2. Technology Absorption

Your company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your company continues to invest in the latest hardware and software.

## 3. Foreign Exchange Earnings & Outgo

The details of Foreign Exchange earnings and outgo are given below :

**Rs. In Millions**

Particulars	2008-2009	2007-2008
(a) Foreign Exchange Earnings	<b>68.38</b>	<b>41.73</b>
(b) Foreign Exchange Outgo	<b>41.72</b>	<b>67.59</b>

## Acknowledgements

Your directors convey their sincere thanks to Syndicate Bank, ICICI Bank and Allahabad Bank for their support and assistance.

Your Directors thank all the Employees of your company for their dedicated service. Your Directors thank the shareholders for their support and confidence reposed in the company and the management and look forward to their continued co-operation and support.

**For and on behalf of the Board**

Sd/-  
**D.P.Sreenivas**  
Executive Director

Sd/-  
**L.P.Sashikumar**  
Director

Place : Hyderabad  
Date : 1<sup>st</sup> September, 2009

As required under the SEBI guidelines, the Executive Director and Chief Financial Officer Certification is attached to this Report.

**CERTIFICATE FROM THE EXECUTIVE DIRECTOR & Dy. GENERAL MANAGER (ACCOUNTS)**

We, D P Sreenivas, Executive Director and P Syam Prasad, Dy. General Manager (Accounts) of Goldstone Technologies Limited, responsible for the finance function, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - (ii) these statements give a true and fair view of the Company's affairs and of the results of operations and cash flow. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are

fraudulent, illegal or in violation of company's code of conduct.

- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors and the Audit Committee.
- (d) During the year under reference
  - (i) there were no significant changes in the internal control overall financial reporting during the year.
  - (ii) no significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and
  - (iii) no instance of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

**Sd/-**

**P. Syam Prasad**

Dy. General Manager (Accounts)

**Sd/-**

**D P Sreenivas**

Executive Director

Hyderabad  
1<sup>st</sup> September 2009